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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001814

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SUBJECT: ICI: BAGHDAD MEETINGS ON WAY FORWARD

Classified By: Economic Minister Counselor Charles P. Ries, reasons E.O.
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¶1. (SBU) SUMMARY: In separate Baghdad meetings UNAMI and the ICI secretariat have laid out somewhat different visions of the way forward on ICI commitments made at Stockholm. Section three of the ICI annual report, titled "Investing in the Future," laid out several of these commitments in the proposed six-point "Partnership for Development." Discussion in Baghdad is focusing on two of these points: the performance-based ICI management review (which was inserted at the UN's initiative), and the proposed GOI/Donor co-financing mechanism. Post is holding internal meetings to discuss the co-financing proposal to see how the USG can support it. The ICI management review is intended to take stock of existing GOI structures and methods that will support achievement of ICI benchmarks, to align the ICI secretariat more closely with them and to ensure that line ministries advance the national development strategy as expressed in the ICI benchmarks.

¶2. (C) SUMMARY CONT'D: UNAMI Deputy Guy Siri passed us June 10 the UN proposal for the Baghdad ICI Executive Committee (please protect), which lays out an ambitious and several month-long inventory/review of the Iraqi Government's planning and policy development structures to be conducted by UN contracted experts under the authority of a Task Force set up by the ICI Executive Committee, headed by COMSEC SecGen Ali Ala'aq. Siri told us his vision was for the ICI Secretariat to be fully integrated with the Iraqi Council of Ministers Secretariat (COMSEC), with minimal if any further institutional ties to DPM Barham Salih's office. The Director of Iraq's ICI Secretariat Dr. Hadi Hussein told us June 11 that the Executive committee would meet to discuss the UN proposals during the week of June 15, however he was not waiting to begin the review based on a detailed terms of reference (as preferred by the UN) rather he will conduct a survey of policy planning structures and analyze line ministries' plans with the goal of offering advice to line ministries in time for them to take account of ICI benchmarks in their 2009 budget planning cycle. It is clear to us that the ICI secretariat staff are trying to preempt any adjustments that will diminish their central role in reporting on ICI progress and are willing to give up policy planning functions to do it. END SUMMARY.

Di Mistura: Stockholm Successes

¶3. (U) UNAMI convened a meeting of Amman and Baghdad based UN staff and international donors via DVC from UNAMI headquarters on June 10 to cover ICI next steps, the UN Mission to Anbar, the IRFFI July donors meeting. UNAMI head Staffan di Mistura opened with a review of the Stockholm Ministerial, characterizing it as "really successful" in that it has helped to change the Iraq narrative to one that is more hopeful and positive for the future. He attributed this to three main elements: improvements in the security

situation after GOI advances in Basrah, Sadr City and Mosul, a new understanding that Iraq is a rich country with the resources to support its own development, and therefore a new understanding that relations with Iraq will now be developed on the basis of partnership. This, he said, is why it had been important that the ICI Ministerial not be organized as a donor meeting. Di Mistura added that the lack of representation from most of Iraq's Sunni neighbors had a positive "collateral effect," because it showed that Iraqis could have a positive and high profile engagement with the international community without a Sunni patron. This, said di Mistura, has helped to change the dynamics in Iraq's relations with its neighbors; the early signs bearing this out are the recent moves by Bahrain and Jordan to reestablish embassies in Baghdad.

UNAMI: ICI Structures must be more effective

¶4. (SBU) UNAMI Deputy Guy Siri briefed on the UN's plan to work with the GOI to implement the commitments undertaken in the ICI Annual Report's concluding chapter on "Investing in the Future," specifically the six point "Partnership for development." The UN will set up a working group with the GOI and OECD to help Iraq implement the Paris Principles on Aid Effectiveness. On donor/GOI co-financing, Siri said the IRFFI secretariat would make a proposal to build on the structure proposed in the ICI Annual Report. Siri said the current ICI secretariat is weak and needed changes. It was (barely) able to gather information for the Annual Report, but measures are needed to enhance the administrative

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efficiency of the ICI's planning and coordination structures which were established in 2007 and "which are not working so well." Siri said UN and GOI principals will participate in an ICI Executive Committee meeting on June 12 to agree on the terms of reference (TOR) for a comprehensive review of ICI structures which would be conducted by UN contracted experts under the umbrella of a Task Force headed by Council of Ministers Secretariat (COMSEC) SecGen Ali Ala'aq.

¶5. (C) After the meeting Siri passed us the document the UN plans to present to the Iraqis at the Executive Committee (emailed to NEA-I; please protect). In it the UN avers that the ICI structures must "integrate seamlessly" into broader GOI policy and planning mechanisms. Asked what this means for the current ICI secretariat, Siri replied that his vision was of a ICI secretariat in the COMSEC rather than the DPM's office. The problem with keeping it in Barham's office, he said, was that it was not able to influence the line ministries' planning and spending.

Iraqis on the Defensive

¶6. (SBU) In a meeting on June 11, ICI Secretariat Director Dr. Hadi Hussein had a different take on the UN proposal. Hadi told us that the proposed TOR were "comprehensive" but that the ICI Secretariat had already developed its own action plan and was already implementing it. Hadi agreed that the ICI Secretariat had not developed the planning and programming elements originally envisaged and that the policy planning units in other government entities could take that function. The Secretariat would coordinate those efforts and present them to the international community via the ICI. But he implicitly rejected the UN's proposed Task Force, saying he and his staff were moving forward now, meeting with the IRFFI secretariat to determine how the two Secretariats could work together in coordinating donor co-financing. His information technology staff member was also planning visits with MOPDC and Grant Thornton, LLC staff to determine how the Donor Assistance Database (DAD), and Capital Budget Reporting Tracking System (CBRT) could support the ICI's own database

for tracking activities and expenditures that advance progress against the ICI benchmarks. Rather than wait for an Executive Committee (which he said was postponed until the week of June 14) to bless the UN's TOR for a multi-month performance based review, the ICI Secretariat will continue to press ahead with an eye to having advice on planning priorities that support ICI benchmarks provided to line ministries in time for them to make any needed adjustments in time for the FY 2009 budget cycle, sometime in August or September.

¶7. (C) COMMENT: We should support the UN's efforts to reconfigure Iraq's ICI implementing mechanisms, and tie them "seamlessly" into existing GOI planning mechanisms -- even if it means breaking some crockery with the ICI's "face to the world" DPM Barham Salih. The Compact Secretariat's struggles simply to gather the information needed to draft the ICI Annual Report demonstrated that the Secretariat does not work as it is currently set up. We (the USG) and other donors actually provided much of the material for the Joint Monitoring Matrix. Guy Siri was so nervous about the report not getting drafted that he asked us to do it (we refused on the grounds that the report should be by the Iraqis, not about the Iraqis.) Dr. Hadi wants to effectively turn the Compact Secretariat into a reporting mechanism, supported and staffed in part by the UN to produce annual reports for the international community. Asked his plans on expanding the Secretariat, he said he will not increase staff on the grounds that the ministries already have planning units and "the plan" -- the National Development Strategy. However, for all of the success of the Stockholm Ministerial, we are not yet assured of ICI buy-in from the ministries. If the ICI continues as it has done so far, it will simply turn into a UN-run rapporteur to the International Community and not develop into the inter-ministerial planning and coordination mechanism it needs to be.

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